

Appendix A

Department of Defense Budget Process

Introduction

As federal agencies implement the cleanup phase of the environmental restoration program at more sites, the scope of the federal government's financial obligation will increase. The ability of each agency to obtain sufficient funds to ensure execution of projected environmental cleanup activities in a given year will be an important factor in determining the overall success of the Department of Defense's (DoD) cleanup program. The funding constraints of the federal budget, in combination with other factors, require that priorities be set and cleanup activities assigned sequence. The availability of funds plays a crucial and ever increasing role in determining how cleanup priorities are established. Because of the federal budget process, it is crucial that states and other stakeholders in the Defense Environmental Restoration Program take full advantage of their best opportunity to influence future budgets at a particular installation or for a particular activity by becoming involved early in the DoD budget process.

Scope

The DoD budget process is divided into three interrelated phases: (1) planning, (2) programming, and (3) budgeting. The process commonly is known as the planning, programming, and budgeting system (PBSS).

- (1) **Planning Phase** (October - March): In the planning phase of the PPBS, projections are made that cover not only the budget year, but also the five-year period beyond the year for which the budget is being produced. This phase of the budget process begins in the first quarter of the federal fiscal year and ends in February or March with the issuance of defense planning guidance (DPG) by the Secretary of Defense. The DPG specifies the goals of the DoD programs and initiatives, projects future requirements of each of the programs and initiatives, and assigns planning priorities for the rest of the PPBS cycle.
- (2) **Programming Phase** (April - June): During the programming phase, decisions are made about what projects can be afforded with resources limited. In this phase, each DoD Component must develop what is known as a program objective memorandum (POM), based on information developed and submitted by the installations. The POM provides a six-year funding plan to accomplish overall program goals and milestones established in the planning phase. Requests by the Comptroller for the Office of the Secretary of Defense (OSD) for the POMs are issued to the various military components in late March and April. Each military component has a line item in its budget for the Department of Defense and State Memorandum of Agreement (DSMOA) Program. The components request from the DSMOA office an estimate of how much money will be needed for the appropriate program year for which the POM is being prepared and for the outyears. The DSMOA office then prepares a budget based on information received from the states and on information known about future events. The budgets are due to the appropriate DoD Component two weeks from the date of the request. The DoD Components send their POMs to OSD in late May. OSD then reviews each POM, and the Components are asked to meet and defend their programs. OSD then has 10 days to review and ensure that each POM meets the established goals and fulfills all legal requirements and established cleanup schedules. The POMs then are consolidated to form an overall six-year plan, referred to as the Future Years Defense Plan (FYDP). The FYDP is the basic DoD programming tool and establishes the targets upon which are based programming and budgeting decisions for each fiscal year in the cycle.

- (3) **Budgeting Phase** (July - December). The DoD Comptroller is responsible for this phase of the budget process. During this phase, the budgets are reviewed, and a final validation is made of the program issues and goals. By late fall, a validated budget is forwarded to the Office of Management and Budget (OMB). OMB examiners and management analysts review the requests to identify issues to be discussed between OMB officials and DoD. The review usually is completed by late December. At that time, the final stage of development of detailed budget data and the final preparation of the President's budget begins. Upon completion of the budget, the President transmits the budget to Congress in early February.

Summary

The budget process from start to finish is extensive. The involvement of the States and the stakeholders in the Defense Environmental Restoration Program must begin early in the planning and programming phases. After the requirements have been submitted up the chain of command, there is limited opportunity to change them. When all the interested parties work together in the early phases, budget planning will be beneficial to all parties involved.